

# Automatic Enrollment and Other Need-To-Know Provisions of the Pension Protection Act of 2006

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Tax Exempt and Government Entities

Employee Plans

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# Pension Protection Act of 2006

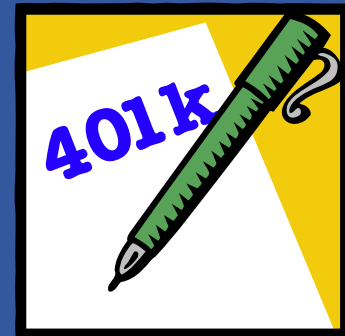


- Signed into Law on 8/17/06
  - Numerous effective dates
- Funding Changes
- Defined Benefit Plans
- Automatic Enrollment

# Automatic Enrollment

- IRS Approved in Rev Rul 98-30
- PPA Protects Auto Enrollment Plans Against State Wage Laws
- Fiduciary Relief for Default Investments

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# Automatic Enrollment



- Optional Nondiscrimination Safe Harbor Available in 2008
  - Required:
    - Notification
    - Default contributions
    - Matching or non-elective contributions
    - Vesting after 2 years of service

# EGTRRA Permanent

- Increased Limits
  - Elective deferrals
  - Catch-up contributions
  - Compensation limits
  - Deductible contributions to profit-sharing plans
  - 415 limits
- Saver's Credit



# EGTRRA Permanent

- Designated Roth Accounts for 401(k) and 403(b) Plans
  - After-tax contributions
  - Separate account
  - Qualified distributions excludable from gross income

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# Distributions

- Notice and Consent
- Qualified Charitable Contributions
- Hardships
- Reservists
- In-Service Distributions
- Rollovers to Nonspouse Beneficiary



# Diversification

- PPA Added Code §401(a)(35)
- Applies to DC Plans (Other Than Certain ESOPs)
- Requires Participants' Right to Divest ER Securities in Account
- Guidance in Notice 2006-107





# Miscellaneous Provisions

- Direct Deposit of Tax Refunds
- Vesting
- Prohibited Transactions
  - Exemption for provision of investment advice
  - Rules relating to financial investments
  - Correction period for certain transactions involving securities and commodities



# Voluntary Correction

- Administrative Policy Since 1991, Now Law
- What if a Mistake is Made?
  - Self-Correction Program
  - Voluntary Correction Program
  - Audit Closing Agreement Program



# What to Look for in the Future

- DB (k)
- Form 5500 Filing
- Plan Amendments



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# Retirement Plan Assistance



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  - Includes page dedicated to PPA
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